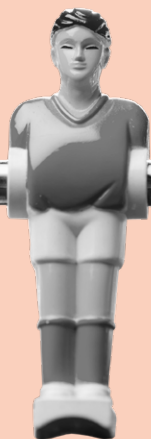


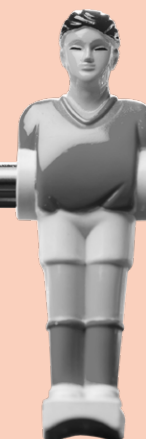
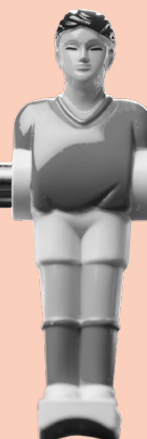
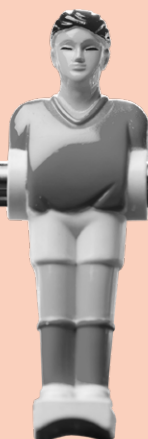
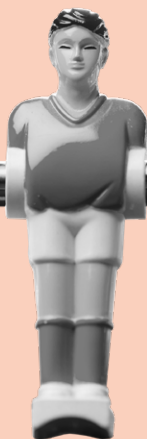
NEXT ERA PAPERS

Universalism in the Next Era

Moving Beyond Redistribution



THE NEXT
ERA



Why We Wrote This Report?

The institutional structures of the industrial society are becoming increasingly incapable of engendering spirit of progress or a sense of fairness. Universal basic income has emerged as a potential solution. However, it is not necessarily sufficient to merely reform systems of redistribution. What we need is new universalism that can tackle our diminishing sense of belonging. How can we ensure that the necessary universal structures are in place when we enter the post-industrial and post-fossil-fuel era – the next era of well-being?

Contents

Preface: The Return of Universalism	4
1. Introduction: Redefining Wealth, Necessities and Fairness During the Interregnum	6
1.1 Income Narrative vs. Asset Narrative	12
1.2 The Role of Assets in the 21st Century	15
1.3 Lesson(s) of the New Universalism	19
2. The Initiatives for a New Universalism	21
2.1 Universal Basic Income (UBI)	23
2.2 Universal Basic Services (UBS)	26
2.3 Universal Basic Assets (UBA)	27
3. Five Tensions Challenging Redistribution in the 2020's	29
3.1 Does the Position of Paid Work Hold?	31
3.2 Can Money Buy Everything?	33
3.3 What Are the Basic Assets of This Century?	36
3.4 Can Redistribution Secure Fairness?	38
3.5 What Is Ownership in the Future?	41
4. The Way Forward: Universalism Reconnecting Fairness and Value Creation of the 21st Century	44
Sources	48
Annex 1. Examples of Affordable Housing Solutions: Helsinki, Vienna and Berkeley	50

Preface: The Return of Universalism

WHEN UNIVERSAL BASIC income (UBI) became a topic of global debate in 2015, most of the discussion was understandably focused on basic income as a specific policy and its various different interpretations. The first results from the Finnish national experiment are now out, and a number of new basic income experiments are ongoing world-wide. It's time to start talking about the most important word in universal basic income – the concept of universalism.

Universalism was foundational in the creation of the Northern European social contract during the industrial era. The model in which the nation state guaranteed basic necessities through the provision of services and income transfers for everyone – not just for those in most need – helped to build the foundation for success of industrial societies.

In the post-industrial era, the concept

of universalism holds even greater promise. It can empower the individual to abandon a negative self-image of failure and to embrace autonomy and agency. It can emancipate society from tribal arguments over who benefits from what and foster a common sense of social justice and political commitment. The recent yellow vest movement in France shows that societal transformation can only happen peacefully if there is a sense of equality and common ground.

However, we should not restrict ourselves to thinking of universalism only as a way of delivering material benefits or services for everyone. These are important, but not enough. We need just as much to find solutions to tackle the diminishing sense of belonging and the increased cognitive stress that are occurring now as our societies are being transformed by digitalisation and decarbonisation of production and consumption – as our understanding of work, living habitat



We should not restrict ourselves to thinking of universalism only as a way of delivering material benefits or services for everyone. We need just as much to find solutions to tackle the diminishing sense of belonging and the increased cognitive stress.

and everyday life is changing.

For universalism to fulfil its promise, it is necessary to expand the notion of universalism and find new ways to operationalise it. What if we offered everyone the universal right to lifelong learning? There is an intrinsic human drive to learn new things. You learn both at work but also outside the working life. What if, rather than seeing someone as unemployed, we saw him or her instead as a learner? What if we decided that some of the most important assets in our digital society such as data or even key platforms should be communally governed? This could help ensure that the benefits of digitalisation do not just trickle down but are rather shared fairly among the populace.

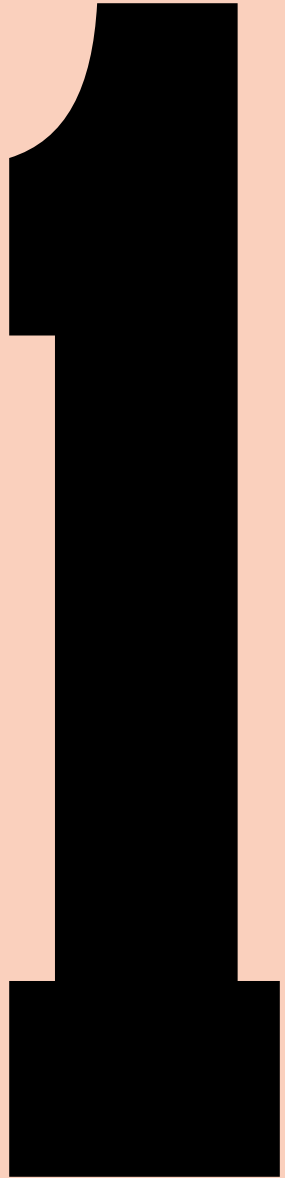
By expanding the idea of universalism, we can help provide everyone with both the necessities in life and a better starting point for building a sense of belonging and dignity. Something the industrial welfare model never excelled at.

This publication seeks to open a debate on universalism in the post-industrial era. It examines several models of universalism and the discussions surrounding them and offers an analysis on how to expand the idea of

universalism. Most importantly, this publication is a reminder that sometimes the best solutions can be found at hand.

“Universalism in the Next Era: Moving Beyond Redistribution” is the first publication in the *Next Era Papers* publication series by Demos Helsinki. Through the Next Era platform, we want to engage public debate, ask the right questions and explore the most interesting solutions that are capable of transforming the operational model of the industrial era into a new model that is both fair for people and sustainable for the planet. Based on the latest IPCC report published in October 2018, we all have precisely twelve years to do that. ●

Juha Leppänen
Chief Executive
Demos Helsinki



Introduction: Redefining Wealth, Necessities and Fairness During the Interregnum

THE YEARS 2015-2018 will very probably be remembered as the period when large populations started seriously questioning our economic system. Or more precisely, questioning how well the combination of global capitalism and national welfare states can continue to deliver on the promises of the 20th century: a decent life and progress available to everyone.

This spreading doubt was of course epitomized by the sweeping victories of populist, nationalist groups and candidates in various countries from the Philippines to the UK and from Brazil to Sweden and the United States. In other words, large groups of people in these countries felt that the promises of a better future given by the established political groups were nothing more than empty words, if not outright lies.

This scepticism of the status quo was also captured in a vast number of best-seller

books (such as *PostCapitalism: A Guide to our Future* by Paul Mason, *Age of Anger: A History of the Present* by Pankaj Mishra, *The Age of Surveillance Capitalism* by Shoshana Zuboff and *The Retreat of Western Liberalism* by Edward Luce).¹ They present evidence for the emerging contradictions within our economic system and the failures of the liberal project that has been the ideological foundation of both the global economic system and the national policies that have enabled its growth. Most of these books blame the current situation on the emergence of a new kind of post-industrial, digital economy.

Coinciding with these developments, a wave of basic income experiments took place in a number of countries, regions and cities. The experiments attracted phenomenal global interest and enthusiasm, making universal basic income (UBI) the first truly global policy initiative of the post-industrial age. UBI seemed to invigorate the promise of fairness and equal



The years 2015-2018 will very probably be remembered as the period when people started questioning how well the combination of global capitalism and national welfare states can continue to deliver on the promises of the 20th century.

opportunity in societies challenged by changing the structures of the global economy, employment patterns and subsequently tightening the constraints of public budgets.

The three parallel phenomena of rising populist groups, best-seller books and UBI experiments do not necessarily have much in common. They differ in terms of their level of abstraction, solution orientation and the people they manage to mobilize. Yet they all refer to the same issues that shape experiences of the contemporary economy that we all encounter.

Digital and finance-driven economic growth has concentrated wealth on an unforeseen scale.

The recovery from the financial crisis and economic downturn that followed has revealed a world where the global economy is increasingly dominated by metropolitan regions and creating livelihood and jobs in the peripheries is more and more difficult.

Conversely in growing metropolitan regions, steadily rising costs of living (and especially housing) are increasingly making life a constant struggle even for many employed professionals such as teachers, nurses and

maintenance workers.

Meanwhile the rapid spread of the platform economy has given us a new understanding of what task-based, entrepreneurial (and quasi-entrepreneurial) working life looks and feels like (i.e. what type of new insecurity it often entails).

These issues set the context for our everyday choices and dominate the news media. They are the novelties of 21st century economic agenda and therefore they are seriously challenging our contemporary political structures and the past foundations of economic policies. This contradiction between the old and the new creates space for populism. It also provides inspiration for new research and policy papers as well as for practical experiments into new forms of social security.

These phenomena represent the fundamental changes in how inequality is experienced. The experiences do not necessarily correlate with the level of people's material living standards nor with changes in objective welfare indicators, such as income statistics or employment figures. However, something significant has changed. The large majority in

many highly developed countries do not believe that the next generation will be more prosperous than the current one, nor that the future we are facing will be better than the world a generation ago.² In a word, we have ceased to believe in progress, at least on a material level.

The above mentioned events and trends are symptoms of the transformation – or, in the words of Antonio Gramsci, interregnum – that we are now undergoing in our societies and economies. This period of flux between two periods is making many of the great progressive political achievement of the 20th century obsolete, or at least incapable of ensuring the same fairness and progress they did just a few decades ago.

Social security systems are still the symbols of the political synthesis of the great industrial age, something that reconciled the contradictions of the previous transformation (i.e. the industrial revolution). The massive redistributive systems helped people to rise from extreme poverty and to attain decent standards of living. These policies also created stability over the course of people's lives



and helped to build positive expectations of the future. This instilled a spirit of progress, a feeling that advancements in society benefited all citizens. Both the economy and politics were for the people, and also by the people, thus laying foundations for a fair, democratic society.

The ongoing post-industrial transformation is undermining the strength and resilience of these mechanisms. It is evident that even the most advanced social security systems cannot alone ensure fairness within society, nor can they evoke a sense of fairness. What is needed is much broader re-thinking as to what constitute the long-lasting foundations for decent living standards, what can be done with public redistribution and what the other policy tools are that could enhance a shared sense of progress and belonging. ●

Social security systems are still the symbols of the political synthesis of the great industrial age. These policies created stability and helped to build positive expectations of the future. This instilled a spirit of progress.

UBI: A Cure for the Scarcity Mindset?

THE PRECARIOUSNESS OF modern life was something that **Mari Saarenpää** had experienced. Saarenpää was one of the 2000 unemployed people selected to participate in the nation-wide basic income experiment in Finland that ran from 2016 to 2018. She told the newspaper Helsingin Sanomat that interviewed her that “the most significant effect of basic income is psychological.”³ She explained that even though the monthly universal benefit is not a large amount of money, it is enough to ease the stress and fear related to her financial struggles each month.

Instead of provisory unemployment benefits, Saarenpää received 560 euros every month to her bank account no matter what her potential or actual working hours, voluntary work or other activities. These would normally need to be reported to the public unemployment office and could be used as a reason to cut the amount of her unemployment benefit. Saarenpää

felt that when the stress and anxiety related to reporting her actions disappeared, she could take a part-time job at the local supermarket and had the energy to start working as a volunteer instead of worrying about next month’s income.

Another person selected for the basic income experiment and interviewed by Helsingin Sanomat was **Sini Marttinen**, who lives in Helsinki, the capital of Finland.⁴ She had previously studied and worked abroad and as an entrepreneur. However, she had been looking for a new job for a few months and held the same opinion as Saarenpää. The most important effect of basic income was indeed psychological. Marttinen said in the interview that “basic income has brought the security that gave me the courage to become an entrepreneur. Even if I didn’t receive any income [from the company], I could take care of the [financial] duties related to the business [with basic income].” Hence, basic

income made it possible for Marttinen to start her own business again by giving her financial security for the initial period.

The recent Finnish experiment was not a test of universal basic income as such, as it targeted only part of the population: those with a long unemployment history.⁵ However, it tested some of the same phenomena that a UBI experiment would test. According to the preliminary results published in February 2019, the surveyed participants of the experiment perceived their health and stress levels to be significantly better than the members of the control group.^{6, 7}

The official goal of the research is to study how basic income affected the employment status of the participants of the trial. The preliminary results of the experiment indicate that the basic income recipients neither worked nor earned more than those in the control group. However, the above



Prolonged financial scarcity can be crippling, but those who have other resources at their disposal and are given the possibility of remaining active, cope with it better.

mentioned testimonials by people who have been part of the basic income experiment(s) raise more fundamental questions than that of how and under which kind of rules social security systems should operate.

For example, Saarenpää is convinced that basic income has transformed her life and also changed her as a person. Receiving a monthly UBI benefit made her

think how she could contribute to society and “give back” the help she had gotten. She felt that she could help people and have an impact on her community. Saarenpää said that voluntary work with refugees and families with disabled kids is “very valuable work for the whole of society.”⁸ Also Marttinen explains that the goal of her company is to work like a social enterprise that brings good things to the community and to society, for example by employing people with disabilities.

This element of belonging to society, maintaining social networks, participating in voluntary work and having access to services and public spaces is pivotal in determining how people get by with scarce financial resources.

Economic deprivation and lack of life options (services, policy measures, sources of income, training) can cause people to lose hope and to suffer from constant anxiety. These same people are hampered by the so-called scarcity mindset: lack of mental resources/energy and even lower IQ caused by stress from continuous challenges in coping with everyday life.

Anna-Maria Isola, a researcher working at the National Institute for Health and Welfare for Finland, says that “the people who cannot dream anymore are in the worst situation.”⁹ The most important thing is to have the experience of having agency over one’s own life. Prolonged financial scarcity can be crippling, but those who have other resources at their disposal and are given the possibility of remaining active, cope with it better.

In other words, besides a direct cash-based benefit such as UBI, there are numerous other resources – assets – that people can harness when trying to improve their lot in life. In this case it seemed to be the unconditional cash benefit and temporary changes in the rules of social security (due to the UBI experiment) that was successful in helping people improve their lives. However, those people still had many other assets available and in use. With the UBI they were able to harness those assets better. How can we ensure that everyone have access to these other assets? How can we know which of them will be critical in the future? ●

Income Narrative vs. Asset Narrative

CURRENTLY THERE ARE two competing narratives on what factors constitute the backbone of successful participation in contemporary societies, in other words, on what the things are that society requires to secure the wellbeing of its members. On the surface, the two narratives appear to be merely technical options within the framework of the welfare policy. Yet they differ in terms of their very fundamental assumptions regarding the future of economy and value production. Taken to extremes, each of them will lead to very different types of future societies. Therefore it is crucial that these narratives are made more explicit in the contemporary political discussions.

The first narrative assumes the primacy of cash flow, meaning work and income. According to this narrative, a steady and secure flow of money is the most powerful way to provide people



with access to assets that improve their well-being. Therefore, this narrative argues, we should encourage people to find a source of income in all possible situations and in this way eventually make them economically independent of others. The main tool of a welfare state should thus be to provide different types of benefits that enable people to live decent lives as free economic agents with capacities to invest in things that help them to advance in life and improve their position. Within this framework, the political debates deal mainly with the question of how forcefully policies should encourage or even coerce people to work when they are living on benefits and the question of when these measures start eroding people's capabilities and eventually marginalize them. We call this the income narrative.

The competing narrative sees people as holders of different types of assets, money being just one of them. Other just as critical or even more critical assets, according to this narrative, include different types of skills (both related to work and professions as well as to personal life and citizenship), social connections (i.e. social capital), access

to public goods and commons (from education to public spaces and from free computer programs to results of science) and of course private property in its different forms (from real estate to professional tools and from farming land to collector items). Compared to money and income, these assets are a step or two closer to activities that improve wellbeing and result in engagement and personal development in individuals and groups. In an ideal situation, money would be transferable to and interchangeable with these other assets. Yet we know that in reality, these conversions often take a long time. Just think of learning or building relationships with other people. The usual, well known political debates on assets have tended to deal with ownership, especially the roles of public and private ownership: what are the services that a state should provide with taxpayers' money? How wide, comprehensive and inclusive should the public provision of services be? Should there be a legal right to privately own certain assets and have exclusive access to them or should these assets be communal (the so-called commons)? We call this the asset narrative.



The first narrative assumes the primacy of cash flow, meaning work and income. The competing narrative sees people as holders of different types of assets, money being just one of them.

1.1

So far, welfare policies in most countries have been combinations of these two narratives: The primacy of work as a way of taking part in society (i.e. contributing to collective value creation) and securing economic independence is the cornerstone of all contemporary welfare states. In addition to this, these countries have a variety of social security and benefit systems that aim to ensure that people retain economic independence throughout their lives regardless of whether unexpected events hamper their capacity to work. Yet these countries also have a number of other types of policies in place that aim to provide assets (like public spaces) or ways of building assets (like free education).

These policies (mainly public services) are justified as ways to provide equal access to critical assets and as psychological tools to encourage everyone to use free or very inexpensive commodities. Also, in many circumstances producing services on a mass scale can be much more economically efficient than giving people money to obtain these same services in markets with limited supply. This narrative about assets is also present in our societies on the level of values and norms

that favor such virtues as learning, saving, prudence and caring for others.

There is a limited variety of tricks a state or a government can perform in order to support the wellbeing of its residents – or at least that is the current situation under the rules and constitutions we have now in place. The state can redistribute wealth and provide people with additional income. The state can expand access to certain commodities, mainly through the public provision of services. The state can also introduce laws and economic incentives that motivate (or sometimes mandate) people and organizations to treat others in a caring and responsible manner.

Establishing entirely new redistribution policies is always hard and will face fierce opposition, especially when talking about an entirely new category of public interventions or rules. However, we have to keep in mind that the policies now in place have originally emerged as reactions to prevailing societal conditions at the time and are hence based on certain assumptions regarding how society and the world are working. If those conditions and assumptions change, we should be prepared to change solutions or rules, even by

expanding the array and emphasis of policies to something entirely new.

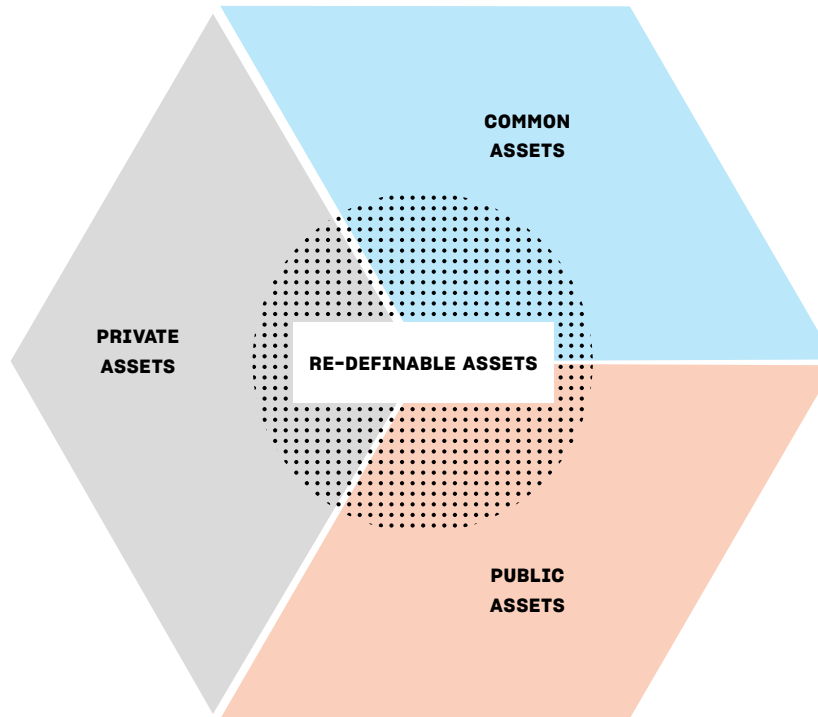
At the moment, the great underlying uncertainty shadowing these (welfare) policies (aiming to secure fair participation to society and the economy for all groups of people) is about the role of money in the future society: Are we inevitably moving towards a world where money will secure access to all other assets? Or are we actually sliding in the opposite direction: will many critical assets be largely out of the reach of open markets (or at least difficult to access through them)? The same idea expressed in economic terms: Is a steady cash flow or access to a variety of asset classes (either enabled by the surrounding society or built up patiently by yourself) going to keep you moving forward in life? Is it more useful to focus on the income statement or to think more broadly about the balance sheet?¹⁰ ●

¹⁰ We credit Sari Stenfors for introducing us this valuable metaphor.

The Role of Assets in the 21st Century

THE CHOICE OVER narratives, the income narrative vs the asset narrative, depends on how much we believe the markets can and should expand. One of the great trends over the past century has been the expansion of the market economy and monetary based exchange to encompass practically all goods and gradually all geographical regions on the globe. This expansion however is a rather recent development that has taken significant leaps even in developed countries during the past 20 years with the advent of the Internet and digital services. If we compare the current situation with that only 20 years ago, the plentitude of tools, solutions and services one can buy with money has grown immensely even in the most developed countries.

Will this development continue, meaning that money and markets will play an even greater role in human activities all around the world? If



◀ Availability of different kinds of assets is critical to wellbeing and personal development. Critical assets belong to different ownership categories: they can be either private, public or common. These categories change over time and they can be politically re-defined and altered. Policies should be focusing on things that secure people's access to critical assets and that encourage them to take care of and develop those assets.¹¹

it does, then money would be truly a universal medium, opening access to whatever one needs or desires. In that possible future UBI (or any other cash-based benefit) would be the best solution for securing people access to assets and for building equal opportunities.

Expressed in economic terms, we would have to ensure that people have a steady cash flow – markets and people themselves would take care of the rest and eventually make society fairer. UBI would be an optimal solution if we assume that future societies operate like this.

Yet, there are clear signs of the growing importance of different kinds of assets (to which money can open only very partial access). Think of changing job markets where lifelong professions with established skill-sets are becoming more an exception than a rule. Skills are assets and there are cases where they can be learned through training or education that can be purchased. Yet the multitude of skills that are required in jobs today can only partially be learned through formal education. Learning typically requires time, motivation, other skills (e.g. meta-cognitive skills) such as curiosity and grit.

Or think of contemporary forms of wealth: there are things you own that can save you money (from your own garden to tools used in making your own clothes or furniture to rooftop solar panels), things that can help you earn money (for instance property, vehicles, tools or other things that you can rent out through sharing economy platforms) and things that you can sell easily for a decent price when you need money (property, some items with value for collectors but in general fewer material objects than in the past). Yes, this all can be purchased but often getting value out of them requires time, personal reputation and networks, and again skills. These material belongings are private assets.

Or, think of public and common resources that surround us: schools, libraries, museums and all the content on the Internet that provides access to myriad forms of information and learning, parks and wildlife that offer recreation and important health (both mental and physiological) benefits, public spaces and voluntary activities that help us build social connections, support our mental well-being and serve as channels to learn about new issues and opportunities. We can affect

Will money and markets play an even greater role in human activities all around the world? Will money become a truly universal medium, opening access to whatever one needs or desires?

what scale of access we have to these assets by choosing where we live (which is largely dependent on our wealth) and occasionally buy access to some of them. However, the scope of these choices is largely determined by the very profound character of the society we live in, i.e. by political decisions. Therefore, differences regarding availability of these assets



1.2

between regions and countries are great. These are public and common assets, things we use collectively with other members of the society.

And, stretching the imagination to the (not so distant) future, think of the growing role of digital assets: data on your own health, mobility patterns, spending or social media usage; data on society, economy and nature around you, ranging from maps to government investment plans to scientific publications; access to different types of digital tools from Internet access to word processing and spreadsheet tool software and even to the most advanced forms of machine learning or digital manufacturing devices. Access to these digital assets can enhance personal capabilities remarkably, whereas restricting use for some people is likely to create significant disparities for instance in personal health and productivity. Some of them are now available for money, some are not. Some of them are currently widely available free of charge (as freemium softwares and apps) yet you end up giving some rights to your data as a trade-off. There have also been attempts (like creative commons, open access journals, free and open

source software, Open data and MyData) to create universal access to some of these asset categories.

Looking at our contemporary societies and the prospects that people in different contexts have, it seems we are increasingly living in a world where having a steady cash-flow is not enough to secure long-lasting success in life. Instead people seem to need a multitude of assets, many of which cannot be purchased for money. Hence policies should be focusing on things that enable secure access to critical assets and that encourage people to nurture these assets – both private, public and common.

One of the most discussed books on economics in recent years, *Capital in the Twenty-First Century* by Thomas Piketty,¹² actually proves that assets, not income, have taken a central role in today's economy. According to Piketty, the average annual rate of return on capital (r) has grown faster than annual economic growth (g). Piketty argues that capitalism has a tendency for $r > g$, which in practice means that those individuals and groups who have inherited wealth and capital, accumulate wealth faster than the large share of people

We are increasingly living in a world where having a steady cash-flow is not enough to secure long-lasting success in life.

whose wealth is dependent on income from paid labour. As economic growth decelerates, the rise of wages also slows down. The result is an increasing concentration of capital.¹³

In other words, owning capital assets like property has been a faster route to prosperity than work (or even an exclusive route). We could say that conditions in contemporary societies have favored capital over work. Piketty's analysis shows that this is especially likely in regimes of slow growth, which we entered



¹² Piketty 2017.

¹³ Piketty 2017: 443.

1.2

after the “Golden Age” of capitalism between 1930–1975. During these years, the historical trend of growing inequalities was temporarily reversed as Industrial Era institutions were functioning as well as they could and providing a constantly and linearly rising life standard for most.

Most intriguingly, Piketty noted (as did John Rawls in *A Theory of Justice*¹⁴ before him) that rising equality will at some point be a threat to the stability and the functioning of democratic societies. Rawls argues that accumulation of privileges leads to a situation where the interests of the wealthiest and the middle class diverge. As wealth can be translated into political influence even in liberal democracies, those with greater private assets will eventually have the means to influence public debate and the development of legislation – which will naturally reflect and support their favoured circumstances.

Therefore, we propose that we must now redefine through public discussion what we actually mean by capital or assets. These are very different than they were even a few decades ago. As ways of value creation change in the digital age, it is not only the traditional

industrial era assets such as means of production that are valuable. Thus we must begin to redefine our concept of valuable assets and the only way to do this is by having a conversation: there is no standard list of these assets (just as there is no definitive or exclusive list of factors contributing to wellbeing from which they could be derived). That list is constantly changing (due to, for instance, changes in technology and economic structures) and it is heavily contextual. However, we propose that in addition to tradeable property (cash savings, house, vehicles, stocks etc), we should consider whether assets such as education, housing or health care can be defined in this context and examine what kind of value they bring to the people that have access. Therefore, continuous political discussion on assets is needed. ●

Lesson(s) of the New Universalism

ANNIE LOWREY SUGGESTS in her recent book *Give People Money*,¹⁵ that UBI is, besides a policy proposal, a "lesson" and an "ideal". It is an ideal that claims that a good society should provide its members with the necessary basics. This implies that societies should have resources and tools that build resilience for their members in a fast-changing world: the idea of the safety net is the best known metaphor for the welfare state. In other words, the common ideal of the UBI (shared proponents from different political backgrounds) is to revisit (or better: re-discover) the deep values of the 20th century welfare state. That ethos of the welfare state is now to be implemented with new measures (or even with a single measure, UBI) that would comply better with current conditions and perhaps be supported by a wider coalition of people than old welfare policies.

By "lesson" Lowrey refers to an idea that this goal of basic fairness and human dignity can be achieved by one universal measure,

something that is available to all (adult) members of society and not restricted to a special group of people (defined by wealth, age, professional history or other factors). In other words, it is a lesson on whether it is possible to design such policies that can be thought of as establishing the foundations for citizenship and (constitutional) rights as something that is truly present in everyday life (i.e. not merely a principle).

However, this idea of "lesson" does not have to be confined to one, stringent policy tool. Making policies simple and parsimonious is only one of the many values and ideals to be taken into account when building a general framework for policy-making. It is not probably even the most important value: fairness of society in terms of outcomes (for instance measured in capabilities different groups of people have) or even costs of the public sector are usually prioritized over it. Instead, it is a worthwhile exercise to think how we can build and deliver things that are considered to be universals. In many cases, these universals are different types of assets that society

has open access to.

The recent global discussion on the UBI has served as a very good probe for this: the numerous UBI trials have ignited a much broader attempt to find other options that reach beyond the existing ones and to renew the promise of a universal safety net in the age of a digital global economy.

It is evident that we need new forms of social security to serve the needs of people trying to build their lives and flourish in the midst of the current transformation. The transformation is truly a significant one encompassing work and employment patterns, the role and capacities to govern of nation states, forms of wealth and ways of building trust, social connections and sense of belonging. In this transformation it is quite evident that we need a cash benefit system like the UBI: something that secures minimum level cash flow universally for all members of society while being detached from such categories as unemployment, meaning that it allows people to study, work and earn money without immediately losing this



1.3

bedrock of their subsistence. In this paper we would like to extend that conversation.

The discussion on policies, conditions and principles enabling human wellbeing, growth of individual capabilities and fairness of society should not stop there. The current economic transformation and challenges it poses are far too significant to be reduced into a debate about the public safety net (let alone to one instrument of it). If we reduce the subject in this way, we limit ourselves to discussing policy tweaks within current welfare system. This system operates mainly on funds and services provided by the public sector (public services and benefits) that are meant to balance and complement market-based solutions. These public interventions are being funded through tax revenues and are hence dependent on the volume of taxable economic activities. Our understanding of the magnitude of the current societal transformation is that it will seriously challenge our existing institutions optimised for industrial era conditions. Consequently, if we wish to maintain the relatively high levels of inclusion witnessed in post-war era industrial societies, we probably have to expand the scope of enquiry for solutions needed – to

think outside the box (of current policies) and identify new institutional solutions that could unlock underused resources for wider inclusion. Otherwise we will end up fortifying the hegemonic discourse of the industrial era with polarised left vs. right wing politics (more taxes vs. less taxes, bigger public sector vs. smaller public sector etc.) that has lead into an impasse during the last decades.

Our suggestion therefore is that we need a much more profound discussion of our entire economic policy. One that would take seriously three conditions. The conversation should (a) take into account different major radical factors (such as radical changes in employment patterns, rapid accumulation of wealth globally etc.) shaping the structures of our economy and society, (b) assume a broad range of potential solutions based on reforms made in different domains of economy and society and (c) maintain an ongoing discussion of the ultimate societal values such as inclusion, fairness and progress.

Understanding that there is a need to expand our notion of universalism is essential. Materialistic benefits or services are important, but not enough. Universalism of the

post-industrial era – in the 21st century – needs to take immaterialist value also into account. This means that we should explore whether, through universalism, we can provide everyone a sense of belonging and purpose that is so important as work, production and everyday lives in our societies transform. Lifelong learning and exploring new approaches through which individuals and communities can share ownership of assets before thought to be outside of common scope of ownership are examples of directions that should be looked into.

We have already seen several new initiatives regarding new universals. The remainder of this publication will review some of these recent initiatives and gather findings that could enable us to upgrade the recent UBI discussion into more profound debate on the future of universalism. The initiatives on new universals covered – besides UBI – are Universal Basic Services (UBS) introduced by the Institute for Global Prosperity (IGP) at University College London and Universal Basic Assets (UBA) by the Institute for the Future in Palo Alto, California. ●

A large, bold, black number '2' is positioned on the left side of the image. It has a thick, solid black fill and a clean, sans-serif style. The number is oriented vertically, with the top of the '2' near the top of the frame and the bottom near the bottom.

The Initiatives for a New Universalism

THE ONGOING UBI experiments have started the discussion on new universals with a bang. At the moment multiple basic income experiments are running around the world, and the results of the national trial in Finland are currently being evaluated. This development has sparked already a great number of magazine and newspaper articles and several books reporting on the experiments and analyzing why UBI has all of a sudden become such a prominent initiative.

This discussion and the framing of 'Universal Basic Income' have also ignited several other initiatives on new universals. The initiatives on new universals covered in this publication – besides UBI – are Universal Basic Services (UBS) introduced by the Institute for Global Prosperity (IGP) at the University College London and Universal Basic Assets (UBA) by the Institute for the Future in Palo Alto, California.

	UBI	UBS	UBA
CENTRAL ASSET(S)	Money	Money & public services	Diversity of assets
NECESSARY CONDITIONS IN SOCIETY	Availability of jobs Level of public spending	Availability of jobs Level of public spending	Flexible ownership structures
DEFINITION OF UNIVERSALISM	All citizens entitled to the same benefit	All citizens use and experience same public services	All citizens use and experience public and open assets
OWNERSHIP PRIORITIZED	Private	Public	Private Public Open/commons based
MECHANISM OF FAIRNESS	Unconditional minimum income	Equal access to basic necessities	Equal access to basic necessities Commons-based access
BEHAVIOURAL THEORY	Rational	Contextual	Collaborative Dynamic Contextual

▲ The major differences between Universal Basic Income (UBI), Universal Basic Services (UBS) and Universal Basic Assets (UBA). While all three initiatives are thought to be responses to drastic changes in our society and income structures, they differ greatly in their underlying assumptions regarding the future of society and humankind.

What they have in common is the ethos that there should be free resources at the point of need for everyone. They also share the view that the on-going transformation from an industrial society requires significant reforms in social and economic policies.

However, various versions of the UBI, as well as UBS and UBA, differ radically in terms of their analyses on the depth of the transformation. This section provides a basic description on these initiatives and their underlying assumptions. ●

Universal Basic Income (UBI)

UNIVERSAL BASIC INCOME, a model in which a steady cash sum is paid unconditionally to all residents, has been proposed (under different concepts and in different forms) by several thinkers since the 17th century, in other words since the establishment of the first basic state-run welfare models. In recent decades, UBI has been brought up in various contexts, either with an intention to establish a minimum level of income where this has not been previously guaranteed or to replace means tested benefits and to get rid of the excess bureaucracy involved.

Many recent initiatives on UBI in different parts of the world have been motivated by the ongoing erosion of industrial-era employment patterns: People seem to be faced with increasingly diverse combinations of income sources. They are also changing their jobs or their entire professions more often than in the

past. Society is increasingly concerned about unemployment caused by technological advances. Various recent studies have speculated on how many jobs and occupations (for instance in transport and logistics, or in sales, commerce and different forms of customer services) could be replaced by the next wave of automatization and AI in coming decades. Hence the call for a robust, covering and simple model for welfare.

However, in political debates UBI is much more than just one of the many technical alternatives for organizing social security system, or one component of it. It sets a new, alternative framing to the idea of the industrial-era welfare state; we could even say that it heralds a completely new social system (depending on the country and the tradition of the welfare state in question). Therefore UBI is almost an iconoclastic idea that breaks symbolic taboos such as giving free money to people or allowing people not to accept jobs they are offered. It represents an alternative

Recent initiatives on UBI in different parts of the world have been motivated by the ongoing erosion of industrial-era employment patterns.

that has never been realised and which therefore poses significant uncertainties. The most debated concern is that an unrestricted payment would discourage many from seeking work and eventually the already expensive benefit system would undermine its tax-based funding. This ignorance of the true effects of universal basic income has created a need for policy experiments. Several have already taken place in a number of countries, financed by both states and philanthropic organizations.¹⁶ ●

Variants of Ideals Behind the UBI

IT NEEDS TO be acknowledged that different proposals and trials of UBI in different countries are driven by various, partly parallel yet separate political goals, ideals and assumptions. Currently UBI-type initiatives are being discussed or trialled in Sub-Saharan Africa (where public social security policies have been virtually absent), Central European countries (where social security systems have been largely organized around professions and unions), in the Nordics (where social security systems are predominately universalist and public-sector run) and in the US (where social security is a combination of employer and individual-based insurances and very rudimentary poor relief). The primary arguments supporting universal basic income are diverse, depending on where the most urgent needs in the respective society are.



**Different societal goals UBI is hoped to serve
(in addition to fair redistribution of wealth)**



2.1 UBI can serve diverse societal ideals, at least the following

1 THE GOAL OF UNIVERSAL BASIC SUBSISTENCE. This goal of abolishing poverty is acute both in developing economies that lack comprehensive welfare schemes but also in industrialized, wealthy nations where robots, AI and globalization are thought to threaten employment and income patterns for many people. This discourse is typical when discussing welfare models for developing countries and preparing economic policies for end-of-work futures.

2 THE GOAL OF EQUAL OPPORTUNITIES. The prospect of upward social mobility as a reward for individual effort and hard work is thought to form the psychological mechanism that keeps societies together. However, this tends to require investments from an individual in order to improve their own future prospects—typically in education, apprentice and internship periods, time to search for a new job or to relocate to a new region. UBI would be a tool to enable these type of investments for people who spend all their active hours earning an amount of money that can barely cover the very basics.

3 THE GOAL OF ENCOURAGING PEOPLE TO WORK WHENEVER POSSIBLE. A central claim is that UBI increases the amount of tasks and actions that people can reach without worrying about income traps. This discourse is typical for mainstream political groups in developed countries and when discussing welfare models suitable for the emerging gig and freelance economy.

4 THE GOAL OF SELF-DETERMINATION AND AUTONOMY, in other words liberating people from monotonous, meaningless work. This goal is motivated by the ideal that people are capable of constantly learning new things and are eager to explore new things when provided with conditions where they are not always burdened by concerns about their basic needs. In principle, our era of abundant information has erased many of the technical restrictions that have hitherto prevented this ideal. Earning a living still demands significant time however. Therefore jobs that could instead be performed by machines should disappear. The new combination of livelihood and freedom of information will lead to a new type of prosperity.¹⁷ This discourse is typical for the new radical left and many techno utopians with great faith in the liberating power of exponential technologies.

5 THE GOAL OF FAIR REDISTRIBUTION FOR THE WEALTH-ACCUMULATING DIGITAL ERA. The digital, global economy has enabled the most successful businesses to collect wealth in an unforeseen manner. Meanwhile substantial numbers of people in rich and middle-income countries struggle to find the same kind of well-paying jobs that the previous generation enjoyed. Growing employment insecurity and precarious conditions have prompted calls for new a type of income distribution where the wealthiest part of the population would distribute their acquired wealth to the rest of the population and thereby even the prospects of being able to enjoy the benefits of the recent development.¹⁸ ●

¹⁷ Wenger 2017.

¹⁸ Hughes 2018.

Universal Basic Services (UBS)

HOWEVER, CASH-BASED BENEFITS are not the only measure that has been proposed for helping people to get by on only modest levels of income. Many publicly provided services have been thought of as tools for making some necessities affordable to all. In October 2017, the Institute for Global Prosperity (IGP) at the University College London (UCL) published a proposal for a universal basic services (UBS) model, which was framed as an alternative for the “citizens’ income” or UBI system. According to the report, the UBS model should include significant investments in affordable housing, fare-free bus transport, free meals for risk groups, as well as access to basic services via telephone and online.

The idea behind the UBS model is that core basic services such as education and health-care have for decades been free for all residents in most developed nations. UBS would take this idea further by expanding the scope

of free basic services. Compared to cash-based assets such as UBI, free or affordable services provide several benefits:

1. They favor merit goods over consumption, i.e. encourage people to behave in a way that tends to improve common prosperity. (The public provision of merit goods is usually justified by the public good they bring about: use of health services tend to make the population healthier, education elevates competences of residents, eventually improving the contribution people are bringing to society and hence elevating the common prosperity.)
2. Economies of scale and efficiency gains in provision of merit goods.
3. Cohesion of population through shared experiences on the use of universally available services. Also, random encounters with fellow people from diverse background while using universal services is commonly thought to create and strengthen the public realm and civic sense.

According to the report, the UBS model would be a more affordable arrangement for the state than universal basic income, the costs of which would be 250 billion pounds annually considering current unemployment benefits. This sum amounts to around 13 percent of the United Kingdom’s GDP. In comparison, the total costs of the UBS system would account for 42 billion pounds a year, which is equivalent to 2.3 percent of the British GDP. The UBS system could be funded by lowering the current limit of tax-exempt income, meaning that the bottom tenth of the income distribution would benefit most from this model. In the IGP’s model, services could be provided by the public sector as well as private companies and non-profit organisations.¹⁹ ●

Universal Basic Assets (UBA)

UBI IS A MODEL for using a cash-based benefit to improve the prospects that people have in life. UBS is an attempt to re-focus the public provision of services to areas that could improve opportunities for finding a job or other income sources. However, there are many other factors that could improve people's lives besides public services and cash benefits, many of them outside the traditional domain of public sector and redistribution. Palo Alto-based Institute for the Future (ITF) launched their manifesto on Universal Basic Assets (UBA) in spring 2017. ITF's UBA model is based on reducing inequality by changing wealth and ownership distribution. The ITF's UBA model attempts to ensure access to core resources for everyone regardless of their possessions or capital.

Assets as a concept provides a fruitful starting point for the conversation, partly because of the ambiguity of the term: within

formal financial discourse, "an asset is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity" (Framework Par 49a) while in a more abstract sense an asset is a "useful or valuable thing or person", meaning it is something critical to one's wellbeing.

Following these two definitions, Universal Basic Assets can be defined as the basic assets offered by a society that should be accessible to everyone. On the other hand, the term can be defined through ownership: how should the ownership of different assets be divided and organized in relation to the value it generates? Together these definitions cover an already quite significant part of the future of economic policy by posing the following questions: 1. What are the basic necessities that people need in the future and to what extent should they be entitled to these assets? 2. How should these different assets be controlled and



What are the basic necessities that people need in the future and to what extent should they be entitled to these assets? How should these different assets be controlled and owned in the future?

2.3

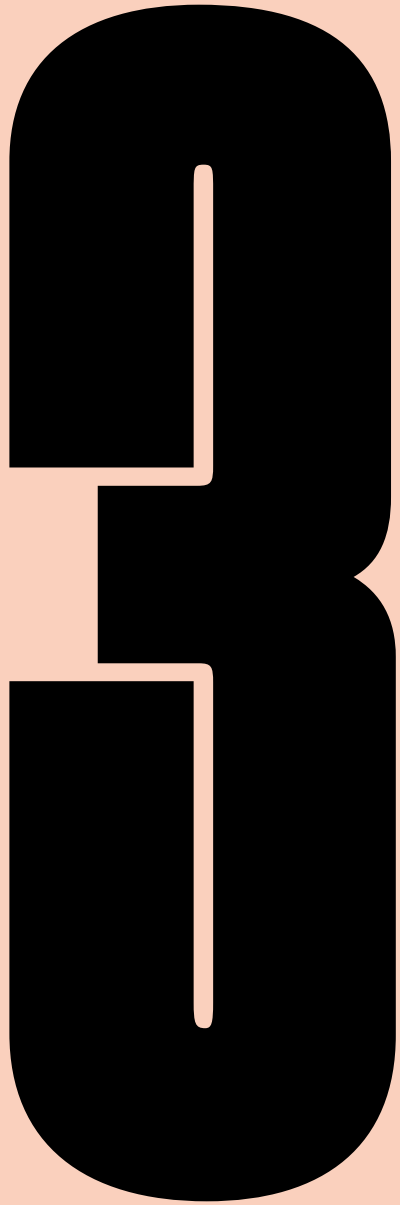
owned in the future?

The core of the UBA model has eight categories of assets that the developers of the model liken to human rights. These basic asset categories are: spaces, natural resources, infrastructure, capital, data, know-how, communities and power. According to the IFTF report, everyone should be entitled to these UBA categories but their ownership can be private, public or open. Private assets are listed as money, land and housing, and public ones are infrastructure and services such as healthcare and education. Open assets consist of a growing set of mainly digital, co-created and open assets such as open data. In the IFTF report, the categorisation and definition of these assets serve to map out how the UBA model could be applied in different societies thus ensuring a more equal distribution of ownership and capital.²⁰ Compared to UBI and UBS approaches, the UBA initiative provides the following benefits:

1. It acknowledges the diversity of assets contributing to the wellbeing of humans and supports fairness in society. The importance of different assets also changes over time. Therefore public services

should not be confined to the assets that are being produced as public services and benefits.

2. It expands the provision of universals beyond traditional tax revenue-based welfare state and explores new solutions beyond the traditional political agenda and its limitations. ●



Five Tensions Challenging Redistribution in the 2020's

ON A LEVEL OF MAINSTREAM politics, UBI, UBS and even UBA are “merely” alternative social security models, something that can be debated and compared with the current existing social security models based on resulting costs, levels of employment and direct, objective effects on the wellbeing of people. However, it is quite evident that the discussion around the above-mentioned initiatives is motivated by significantly wider societal concerns and deeper ideals: hopes for a prosperous future for everyone, hopes for a new societal agreement that would answer the burning question of the post-industrial era, hopes for a new form of universalism that would redefine fundamental rights and eventually bring about cohesion and unity.²¹ All these formulations of universalism also come with significant assumptions regarding the future of many fundamental structures, functions and institutions of our contemporary

societies and the changes they might be undergoing as part of society’s transformation in the post-industrial, digital era.

In the following section we analyze five societal tensions framing the discourse on the future of universalism. With this analysis, we hope to better understand what each of the three initiatives for a new universalism could provide in the context of wider societal transformation and how they are connected to different policy areas and fields of society. ●

Five tensions challenging redistribution in the 2020’s

- 1** DOES THE POSITION OF PAID WORK HOLD?
- 2** CAN MONEY BUY EVERYTHING?
- 3** WHAT ARE THE BASIC ASSETS OF THIS CENTURY?
- 4** CAN REDISTRIBUTION SECURE FAIRNESS?
- 5** WHAT IS OWNERSHIP IN THE FUTURE?

Does the Position of Paid Work Hold?

THE CURRENT DISCOURSE concerning new universals (UBI, UBS, UBA) has arisen in response to the threat that well-paid jobs are becoming scarce and therefore many people are prevented from enjoying a middle-class standard of living. The labour-based society, where resources were redistributed through public interventions and where people's ability to acquire different assets on the market would constantly improve, was a model that functioned throughout most of the 20th century. Now its ability to maintain and improve inclusion is deteriorating. Therefore we need new redistributive policies that would lower the threshold of assets needed for attaining upward social mobility.

However, most basic income initiatives, as well as UBS thinking, start off with the assumption that the majority of the population continues to have decent sources of income; that is, the assumption that the majority of

the population is at the very least capable and willing to constantly develop and update their own skills. In other words, the dynamics of personal cash flow and income in the form of labour and income would remain the same, even if the content and organisation of labour (workplaces and employment relationships) were to radically change (e.g. from employment to platform-based entrepreneurial tasks, or from a permanent/long-lasting team structure to ad hoc working groups). In this sense, the devised solutions are ways to bridge between the fundamental structure of the labour-based society and the future, not to completely change the internal responsibilities of members of society and institutions along with the division of labour per se.²² Their primary function is then ultimately to maintain a positive balance in individual or household income and cash resources despite changing levels of income. In this approach, redistributing assets and fostering individuals' capabilities is a secondary objective, in pursuit

of which it is possible to invest flows of monetary income.

The IFTF working group, however, approaches the topic by taking into account wider shifts in society and resources. Why create incentives for labour when the conditions of available work are less attractive? Why support lifestyle changes that are impossible to maintain in the coming years as their climate impact is too high?

This argument of course is similar to that of (utopian) UBI proponents who suggest that the level of cash benefit should be high enough that it would allow its recipients to stay out of the workforce and instead develop new skills, exercise different forms of human creativity through arts, science and other similar activities, or work voluntarily (and without compensation) on things that have high human value (human care, maintaining cultural heritage, educating other people, working for other humanitarian causes etc). Those



3.1

proponents perceive the UBI as a large scale investment program that redistributes significant wealth to people who then, with the help of unlimited time resources and lowered levels of stress, gradually invent solutions that elevate the prosperity of humankind to new heights.

These questions regarding the major uncertainties surrounding developments in the coming decades are relevant. There are indeed several alternative yet plausible scenarios for the future of income. For example we can imagine a future where:

1. There is paid work but most people have extremely volatile income levels. In this scenario, UBI would be a quite adequate solution, assuming that people do not end up spending very long periods outside employment. Different variants of UBS would probably help to maintain cohesion and to dismantle barriers discouraging people from searching new working opportunities.
2. There is paid work but most people have to constantly reskill themselves in order to secure their income. In other words, knowledge and skills become increasingly important assets that require constant investments. Are these investments solely

based on individuals' own assets (money, time, networks) or are there widely available public or common assets (free education, vouchers for paying part of tuition fees, open source learning resource or peer learning opportunities, apprenticeships with special compensation models etc.) that can help people reskill? One of the most commonly stated benefits of the UBI is that it would encourage people to study and that it would alleviate their loss of income. But is that enough to secure access to learning and consequently to upward social mobility?

3. There is significantly less paid work available but digital services and sharing economy solutions can help secure income and decrease costs of living. In this kind of scenario, it is obviously difficult to maintain high levels of public services and benefits such as UBI because of the loss of tax revenue. However, the need for UBI would be even greater in order to avoid people slipping totally outside of the formal economy. There would also be a significant incentive to develop institutions and governance methods for common assets as they could compensate partly both for the decline of

public services and for diminished public ownership.

Overall, the greatest change involved in transitioning towards a society where paid work is increasingly contingent would be the growing role of assets that are not being constantly traded for money. Therefore they require the investment of time and personal effort – in other words, they would not be as easily and constantly accessible as we might think now. In the setting of an industrial society organized around paid work, people could focus on creating steady cash flow and make a few big investments in assets over their entire lives: studying for a profession, buying a house, saving perhaps for some other goals. In the post-industrial era, however, it is quite likely that people have to pay constant and more conscious attention to methods of maintaining various types of assets: from skills to reputation, from shareable material goods to personal networks. Access to them requires significant familiarisation, constant efforts and learning. This is what the shift from an income-statement focused economy to a balance sheet economy (as referred to in the introduction) would mean. ●

Can Money Buy Everything?

THE ATTRACTION AND radicalness of the UBI lies in the fact that it is a cash-based benefit, unconditional source of income. "Free Cash in Finland. Must Be Jobless." was the title of a New York times on the basic income experiment that the Finnish government had recently launched.²³ The message is clear and simple enough: everyone is entitled to a minimum amount of income without being required to report how they are using the money. In this regard it follows two very basic principles of liberalism: 1. People, not government, know best what is good for them and how to advance their wellbeing, 2. money and markets as an universal medium for exchange are superior tools for making sure that people get what they need, or at least want.

Giving people money can be the most powerful way to provide them with access to assets that can improve their wellbeing, the argument then goes. Especially in low-income

countries, money is quite often clearly the most immediate limiting factor: providing people with even a very small sum of money can open up new opportunities for them in forms of new income sources, better health or education. Money and access to markets are also tools for empowering people who have previously been in marginalized positions, constrained by their social statuses (e.g. women in societies where few of them have worked outside the home).

At its best, UBI is a highly inclusive model in which hard work and a healthy balance of personal income and spending grant access to any other asset. In addition, money owned by own labour brings a moral right to own different types of assets. People should be able to advance their own wellbeing and that of their family given that there are markets where people can invest in goods necessary for their wellbeing, given that they are willing to work and adopt new skills, and that they have patience to save and postpone needs

Money is a tool for empowering people who have previously been in marginalized positions, constrained by their social statuses.

gratification.

In practice, however, developed nations offer many merit goods to members of society as public services in addition to monetary benefits. These assets (education, healthcare, partly also housing) have been discussed as resources to which everyone should have access regardless of their financial situation or the market price of these commodities. Why? Because consuming these goods is thought to



3.2

benefit all of society by improving the general level of health and expanding skills available in society. Therefore it is somewhat legitimate to direct people's choices by making assets critical to wellbeing and survival attractive in any situation, in other words, creating incentives for people that would not lead to compromising education, healthcare and housing conditions over spending on something else. This is the point both proponents of UBS and UBA wish to make: money is not necessarily in all cases the most efficient asset to be provided if we wish to help people advance in life.

Different resources are not always as easily accessible for different groups of people, nor are they exchangeable for other resources. This has historically been the reason for why certain basic assets have been provided as public services. Widening, for instance, the supply of available education or housing has ensured that these assets are available more universally than they would be, for example, through personal connections.

The IFTF manifesto²⁴ advocates the universal basic assets model for regions with significant differences in social mobility: while a child born to families at the bottom fifth of

the income distribution in the Nordic countries has relatively good chances of moving up to the top fifth during their lifetime, a child living in the same socioeconomic stratum in a well-educated and high-information area of the United States, such as Boston and San Francisco, has around a ten percent chance of similar upward mobility, and in many areas in the US less than five percent.

According to IFTF researchers, these regional differences in the US are explained by the unequal distribution of public resources geographically. The quality and availability of public services such as education, healthcare and public transportation are starting points for significant inequality. This is despite the currently nearly ubiquitous access to the Internet, information and different types of digital services, open markets that provide access to almost any type of good or service and the lower cost of most material goods compared to the past.

Having money is a prerequisite for access to things available in markets. However, it is not a sufficient factor: there are always other types of constraints involved as well. Despite



Different resources are not always easily accessible for different groups of people, nor are they exchangeable for other resources. This has historically been the reason for why certain basic assets have been provided as public services.

3.2

the historically low prices of most material goods, and emerging abundance of information and many tools, prices of basic commodities such as higher education, healthcare and housing are soaring. Securing constant access to them usually requires some saving. Providing people with a steady flow of cash benefits can nudge them towards saving. Yet increasingly the amount of money needed (for example for housing prices in bigger cities, or university tuition fees in some countries) is out of reach for many people. It is quite evident that these inequality challenges cannot be fixed by UBI or any other type of cash benefit alone.

We do not know what the future of education and health is: can digital services make high quality education and healthcare accessible to everyone and make them affordable and abundant in a similar way to what has happened with information? Or do we need governance structures through which we can ensure that these technological advancements turn out to be equally accessible for (and used by) everyone? How can we ensure that people find these services and understand their availability and relevance in an era

when public spaces are being replaced by the multitude of digital spaces?

Finally, there is the question of digital services and especially sharing and peer services. They are largely based on trust between users and reputation that one can build through using these services and interacting with other users. If we assume that these services play a greater role for people in creating income on the one hand and, on the other hand, in providing them access to different assets, it is legitimate to ask whether this is bound to create a territory where money cannot secure access. In the digital economy, access to certain commodities becomes increasingly dependent on who you know and what you have done in the past. Already now studies on AirBnB and Uber users indicate that certain ethnic, income and age groups are being favored while other are being discriminated against. One bad day, one dispute and one bad review can seriously damage your user ratings and eventually deny your access to a ride, accommodation or even to something more critical, a too weird and open social media profile can do the same (think of the party photos you have shared, or strong

In the digital economy, access to certain commodities becomes increasingly dependent on who you know and what you have done in the past.

political statements that you have posted). Do we get second chances in a society where privately owned digital platforms are at the same time trusted archives of our personal (even intimate) memories and providers of digital identity services much more universally than any public authority? ●

What Are the Basic Assets of This Century?

THERE ARE TWO, partly competing tenets of welfare state ideals. As safety nets, welfare states aim to help people to survive periods of time where their fundamental living requirements are put to test and subsequently to maintain their faith and confidence in the future. Based on a tax base deriving from broad participation in paid labour, the state, its services and benefit models can compensate for different types of deficiencies that people encounter in life. The other tenet is that of investment in capabilities of citizens that reach groups of people and their abilities widely.²⁵ The goal of the welfare state is then to create a more equal society where people possess a wide range of capabilities, with the ultimate goal being to ensure good living conditions and participation in the fundamental core areas of life. The wide distribution of these capabilities can also be seen as an important requisite for a functioning democracy where

different groups of people are able to collaborate, to understand and to link different opinions and viewpoints, as well as to spontaneously and collectively solve different needs and challenges.

The Universal Basic Services approach²⁶ has many tie-ins with the historical development of the welfare model. This is reflected also in the format of its delivery, which emphasizes services produced by the public sector. However, there are reasons why it is worthwhile to also pinpoint assets other than public ones. The conversation about the role of the public provision of services has been at the core of political discussions and decision-making for decades and no clear tendency has been seen in this timeframe that would have led to, for instance, directing public expenditure to widen the array of universal basic services. There are major impasses regarding how to maintain and increase efficiency of public services and how to justify and measure



There are ways to orient the development of different technologies and their applications so that they are more inclusive and their benefits are distributed more widely.

3.3

their special role in comparison to services produced in other sectors.

In his recent series of articles “The Role of Technology in Political Economy”²⁷ Harvard professor Yochai Benkler has pointed out how much the recent discussion on technology and inequality has been centered around two opposing viewpoints:

Either current technological development (characterised by so called skills-biased technical change) is seen as a process leading deterministically to greater levels of inequality, without any feasible tools for political intervention, or the only feasible political solution to the disruptive force of technology is to increase and expand redistribution.

According to Benkler, this recent discourse has neglected the role of institutional transformations as a political tool: There are ways to orient the development of different technologies and their applications so that they are more inclusive and their benefits are distributed more widely. This however, requires that either existing old institutions (such as ownership) can be expanded to cover new domains or there are new institutions created to assume this task. This is what happened in the

era leading to industrial society: the new concepts of land ownership and paid work created new kinds of markets for land and work and eventually enabled new ways to combine and bring together different forms of capital, paving the way for industrial companies.

The IFTF manifesto considers how the area of open assets (which are neither public nor private) could be widened and most importantly how we can ensure that new types of assets with more and more significance enter the field of open assets. A good example is data policy, especially such initiatives as open data and mydata, more specifically the management and ownership of the data based on the behaviour of individuals. It is clear that when used correctly, data is a significant asset as well as a commodity.

Another recently emerged question of ownership is the role of potential personal quotas related to emissions and natural resources. Such quotas used as policy tools for steering behavioral patterns to comply with the physical limits set by planetary limits are becoming both technically feasible and probably also politically acceptable with the growing awareness of the urgency of the climate crises.

On the other hand, they could also serve as a tool for new kinds of wealth redistribution that would operate on a supranational level and incentivize people to search and adopt solutions for sustainable lifestyles. Ideally it would lead to a more concrete understanding of Earth and its resources as one commonly owned, limited pool.

The need for the concept of Universal Basic Assets is easy to justify assuming that the expansion and diversification of different asset classes are visibly present in everyday life. However, it should be understood that the UBA is more a metaphor, or a direction of discovery, for a future paradigm of economic policy than a single policy measure (while keeping in mind that UBI can be seen as much as an ethos as merely one instrument, using the term of Annie Lowrey²⁸). It deviates from traditional models of the welfare state (and both UBI and UBS) by rejecting the primacy of public sector and active redistribution. It also explicitly moves beyond the patterns of industrial era employment and from approaches where paid work is always the favored category of human action. ●

Can Redistribution Secure Fairness?

THE IDEA OF universalism in economic policy starts from a particular interpretation of societal fairness. There is an idea that every resident should have rights to certain basic necessities. Yet the government does not decide who should use publicly provided benefits, services or assets and who not. People are not being categorized according to their wealth, family history, place of origin or even age. Instead, universal benefits and services are thought to belong to everyone. This creates a sense of inclusion, cohesion and autonomy as no one is considered to "live on benefits" more than anyone else. In other words, certain public assets are made mainstream. Yet there is an ethos that their function is to help people to live autonomously and to trust in their own prospects.

The presumption related to universal basic income is very similar one: in most cases money has an ability to provide autonomy and

decision-making power. An individual knows her needs the best and in contemporary society money makes it possible to obtain the most suitable solutions for a given life situation. Hence UBI creates fairness by a) redistributing wealth from rich to poor, b) to all individuals (and to one and the same category), c) unconditionally, no questions asked, supporting personal autonomy and people's capability to make their own decisions.

The UBS initiative is a practical attempt to renew the idea of universalism. The crucial task of our time is to strengthen people's trust in their own wellbeing and in social mobility. On a level of principles, the UBS intends to re-define access to basic services as a right, as something that belongs to all individuals. The initiative aims to pinpoint the critical factors that have grown in importance in our societies: housing, mobility, healthy food, and communication, in addition to more traditional ones of the primary education and health care. These functions are all the more

Universal benefits and services are thought to belong to everyone. This creates a sense of inclusion, cohesion and autonomy.

important in the contemporary urbanised society where interpersonal communications and mobility have gained more relevance.

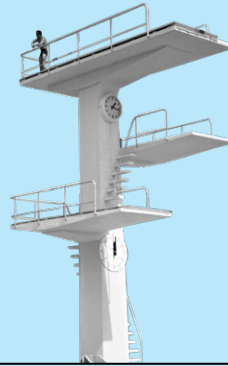
One should note that there are several ways to define fairness. Different definitions have been emphasised in different societal contexts and times, partly as reactions to changing societal conditions and the challenges they pose to fairness.



The critical component of fairness can be thought to be



1 **THAT EACH PERSON** has their minimum needs met and that society cares for all its members regardless of what challenges they face. This sees the welfare state as a safety net; eventually the perception of fairness depends on the minimum level of subsistence promised.



Olympia-kuva Oy,
Helsingin kaupunginmuseo

2 **THE SENSE OF** equality in comparison to other people. Is someone getting disproportionately too much or too little? Is this distribution also an indication of whose contribution is being appreciated? This is the question motivating largely the level of redistribution. There are conflicting views on how different contributions to society should be appreciated and how much wages or access to different assets reflect this valuation.



3 **THE AMOUNT OF** self-determination and autonomy that each member of society has. To what degree should each member of society be able to make decisions regarding their own life, regardless of economic position or capacity to earn a living? This goes back to the question of rights and responsibilities for public resources: are they something that citizens own and have right to, or are we merely given an access to a public pool of resources?

3.4

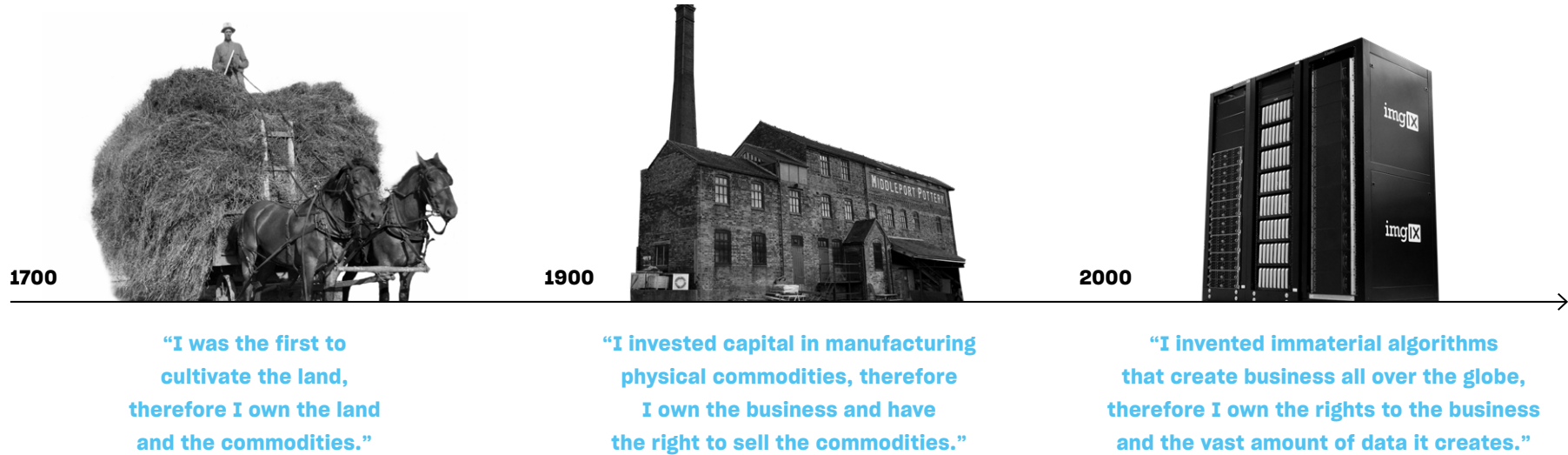
In summary, it is quite clear that the question of fairness cannot be reduced to merely a question of access. In today's world characterized by an expanding domain of abundance (available information, relatively cheap consumer goods etc) people can have access to many things. Yet they do not necessarily have control over those assets. Also, some people can benefit disproportionately from the provision of these assets. Many digital services (e.g. by Google or Facebook) are a good example of this: They provide cost-free or inexpensive access to many assets that are extremely valuable for people in their everyday lives. Yet people have very little say on how those assets will be provided in the future and what their own rights are to for instance their own data within those system. And while those tools benefit everyone, are the owners of those systems collecting unforeseen levels of assets and wealth from something that all users are contributing to?

While common and public assets operate quite differently, they too fail to create sense of fairness: If people do not recognise them as something they have control or ownership over, and especially if those services, benefit

systems or other assets do not serve 'people like me', then is also easy to think that they are being produced to support someone else, not me. This is partly a question of personalization and co-creation of services²⁹, partly a question of inclusiveness of methods used for political decision-making. It is obvious that both options require resources and changes in current forms of governance. There are no easy, silver-bullet solutions available.

This is perhaps the greatest promise that the UBA approach has to offer. It is that fairness can be advanced by granting people a sense of greater (shared?) ownership of the commons, mainly things that are not concrete and tangible but by nature distributed or intangible. Eventually this could lead them to both take better use of these assets and to take responsibility for contributing to these common resources. ●

What Is Ownership in the Future?



UNTIL THE EARLY modern era, it was widely held that land is indivisible per se and that it belongs to everyone. Ownership was seen as being born/claimed when natural resources were shaped into commodities through human labour. One of the first historical proposals of universal basic income was formulated by Thomas Paine. It

derived from a realisation that since it is not possible to divide land for a constantly growing population, people must be compensated with some form of wealth that is indivisible by principle. Therefore, wealth created through land should be divided among everyone.

The modern freedoms of ownership and the states responsible for maintaining this created the conditions for the birth of the market economy and the acquisition of

wealth. Industrialisation and the economic growth deriving from technological development created an increase in the value of both private and public assets.

As a counterbalance to markets created through the freedom of ownership, the idea of the welfare state was built in the 20th century. In the welfare state model, merit assets such as education and healthcare would be offered



3.5

by the state to everyone. Additional wealth of a society should therefore be allocated into developing the most long-lasting and fundamental assets, by, for example, widening the access to the school system and basic infrastructure such as water, sanitation, electricity and transport. Systems of income redistribution were also born within industrial societies, meanwhile more resources (more private and public) were channeled into research, development and innovation activities in different sectors of society.³⁰

Eventually the current division between private and public ownership became fixed, something that was not questioned very often. This division reflected largely the needs and challenges present in an industrial era society, political bargains between different interest groups (especially those of work and capital, employers and companies) and feasible production logic of certain goods and services in a context of the level of technology and skills available at that time. However, despite major changes in society, technology, skills and economy, many of these surrounding rules and institutions pertained.

A question arises: Does it still make sense

to perceive societal issues through the public-private dichotomy or the contradiction between market logic and basic rights now in the time of the global digital economy?

At one extreme our economy is represented by scalable digital solutions and the Internet, giving birth to very different ways of value and wealth creation. This entire branch of the economy is at the moment taking over many major functions that were previously dominated by traditional industries and companies, eventually becoming a ubiquitous and dominant force in society. The new digital giants are now capitalizing in massive scale on the work and development input of millions of people over a timespan of decades all over the world: researchers in universities and publicly funded research institutes, hackers and other amateurs, employees of public organizations designing and implementing major pieces of the global digital infrastructure. The owners of the digital systems of today, harnessing the past efforts towards building the global digital village, can scale their services almost endlessly without a significant need for additional labour.

In other words, their business can



Does it still make sense to perceive societal issues through the public-private dichotomy? Or through the contradiction between market logic and basic rights?

3.5

grow without hardly any additional costs at all. The idea of ownership is here quite different from the original context where the right to ownership emerged: what is the labour that converts land into something valuable and creates a claim for ownership? How can this labour justify who in the end owns what and is able to acquire wealth?

Entirely another type of wealth where global accumulation is fast is real estate. Real estate markets in the biggest metropolitan regions have become or are becoming part of the global financial market. The share of private investors (especially by ultra-high-net-worth individuals with \$30 million or more in net assets) in global real estate transactions is growing.³¹ It is already over one quarter of all transactions. Real estate properties have always been a conventional target for private investment. Yet something is now changing when a) when there are more people investing in real estate with a truly global scope, b) a growing share of wealth of the super-rich people are investing in real estate which is usually a secure investment compared to, for instance, bonds or private equity. In the context of the global economy, the

importance of metropolitan regions and global cities is steadily growing with no alternative direction in sight. Investing in real estate means that you are putting your money into markets that are growing almost automatically, with no need to invent anything new. In other words, there is a tendency that rich people want their assets to be lazy instead of transforming the world by funding new innovations or building new capacities in society. The other side of the coin is that as a side-effect, housing prices keep soaring in the metropolitan regions.

And at the same time real estate ownership is not something that stands outside the control of politics. In fact, the opposite is true: it is the sector where cities and states often have full control over planning practices and rights to tax properties. Besides cities where private investments in real estate are plentiful, there are also global cities that are extremely well connected (for instance Singapore and Stockholm) to the global economy but still have large restrictions on private real estate investments. In those countries thinking on housing starts from something other than private ownership. Instead it is a basic need that the state should try to secure for all its members. ●

There is a tendency that rich people want their assets to be lazy instead of transforming the world by funding new innovations or building new capacities in society.

4

**The Way Forward:
Universalism
Reconnecting
Fairness and
Value Creation of
the 21st Century**

THE ONGOING DISCUSSION surrounding new initiatives on universals cannot get very far unless we manage to turn it towards the question of institutional transformation: we are at a point in history where the institutional structures of industrial society are becoming increasingly dysfunctional and incapable of improving fairness and progress in various parts of society. At the same time it is evident that our societies would be much more unequal had we not put the current forms of social security and other welfare measures in place. Also, making radical shifts in these structures would create both winners (those with assets and opportunities that would be boosted by new structures) and losers (those who have adapted their lives to existing structures) among the populace. In other words, we are living between two periods of time, one group of people are living more in the ending era, another group more in the

emerging era. In the words of Antonio Gramsci “The crisis consists precisely in the fact that the old is dying and the new cannot be born; in this interregnum a great variety of morbid symptoms appear”.³²

Industrial society would not have been possible without the profound changes to the institutions that underpin the concepts of ownership, legislation and public governance that occurred over the course of several centuries from the 17th century onwards. A series of major changes in many very fundamental institutions were needed during the process of industrialization before anyone even started talking about democratic welfare states or claiming that a middle class lifestyle is something that is within reach of all of us.

Perhaps the most valuable result of this development was that people felt that they belonged to something greater than themselves: as members of a society where everyone’s contributions were part of achieving something



We are at a point in history where the institutional structures of industrial society are becoming increasingly dysfunctional and incapable of enhancing fairness and progress in various parts of society.

significant that also benefited everyone individually. This would not have been possible had there not been structures and measures that were truly universal, something that everyone could experience and feel they are entitled to. These universal structures embodied a sense of societal fairness.

Now the question is: how can we ensure that there are these universal structures when we enter the post-industrial, post-fossil fuel digital, next era? How can we write these policies so that they also gradually shape the mechanism of value creation and expand the number of people who can both contribute to and benefit from it? Or expressed differently: how can we come up with policies that do more than retroactively attempt to redistribute the value captured by a small number of companies and individuals?

Which discourse on universalism should we then adopt: the one built largely around UBI, the discourse that focuses more on expansion of public services, or the discourse that seeks to re-define roles of different assets and the rights people should have to those assets?

It is somewhat evident that there is an urgent need for new forms of wealth

redistribution and social security. They should ensure that everyone has at least a minimum amount of money at their disposal and hence is able to purchase essentials such as food and accommodation. This can become increasingly important when alternative (digital) trading, swapping and currency systems become more commonplace: despite all the positive things these solutions offer, there is also a danger that some groups of people will drift towards the margins without any prospects for social mobility.

It is also evident that there are many forms of public services for the benefit of all of society that will be needed: it is quite unlikely that we can decrease significantly the role of public services in healthcare, education and urban transport. Also, housing in growing cities is becoming a challenge that most likely cannot be solved by market solutions alone. These all are related to the basic needs of the populace. The very fundamental promise of a decent life requires that the state can guarantee the availability to these conditions. These are also all expensive areas of life, comprising together a major part of the average household budget. None of these essentials are

How can we come up with policies that do more than retroactively attempt to redistribute the value captured by a small number of companies and individuals?

getting cheaper at the moment. It will be difficult to keep alive the ideal of equal opportunities and de facto upward social mobility without some type of public provision of services. Yet another question is whether we aim to direct these public services mainly towards those in most urgent need or whether we assume them to be universal, available for and



used by all the populace and thereby invoke a sense in all members of society that they belong.

However, when we consider the uncertainties that our current economic systems face, with a large number of probable discontinuities in dominant employment patterns, when we consider the many sources of tax revenue and the capacity of public organizations to produce services that would meet the diverse needs of constantly more heterogeneous populations, it seems quite unlikely that public redistribution and the provision of services alone would suffice. Focusing on assets expands the repertoire of solutions that can be imagined and creates room for a model that could better accommodate both the challenges and solutions of the digital society and global economy.

The problem with the discourse surrounding redistribution and social security is that it quite often ends up becoming entirely detached from the process of value creation and economic production. In other words, the redistributive system is seen as something external to the core of the economy, as a tool for balancing harmful effects of dynamic,

occasionally even aggressive markets and disruptive businesses. The miracle of the industrial age welfare state, however, was that it also managed to change the structures of value creation in various ways: by changing the concept of ownership, by boosting productivity by educating people, by creating new public and common assets (benefiting both people and businesses) through public investments. Still the best way for any society to improve productivity and economic growth is education, and of course creating other policies to support the availability of skilled labour. However, even the promise of education is changing with the ongoing changes in economic structures and employment patterns. In the context of the global, digital economy, the evolution of skills, jobs and professions is accelerating. It is increasingly difficult to match education (i.e. the training of engineers, healthcare professional or teachers) with needs on specific types of labour and skills in companies and public organizations. The benefits of education (for individuals, societies and businesses) are clear, yet these benefits do not arrive in as linear a manner as they did in the past: a degree does

not guarantee immediate employment, a new training program does not guarantee a steady flow of skilled labour for companies, nor does a better educated population mean that there would be immediately higher levels of economic growth.

Therefore we need to go deeper into the value creation process of the emerging phase of the digital economy and start thinking about how to better connect the needs and interests of companies, society and different groups of people within society. This will be a much deeper endeavour than reforming redistributive systems (which is also not an easy and simple task). What are needed are solutions that unite people, companies and society in a feeling of mutual trust and convince everyone that technological progress can also result in a fairer society. People should have a chance to feel that they can actively participate in society and provide something beneficial for others. Different socio-political interventions should be able to offer resources that make this participation possible, even if this means that fundamental institutions must undergo drastic changes. Ensuring a sufficient level of income is just one part of the solution. ●

Sources

AHONEN, S., VERKASALO, A., & HAKALA, K. (2013). *Kolmannen sektorin toimijat kohtuuhintaisten asuntojen tuotannossa*. Espoo: Aalto University. <https://aaltodoc.aalto.fi/handle/123456789/10978>

ARNOLD, C. (2018). *Money for nothing: the truth about universal basic income*. *Nature*, 557(7707), 626–628.

BENKLER, Y. (2018, July 25). The role of technology in political economy: Part 1. <https://lpeblog.org/2018/07/25/the-role-of-technology-in-political-economy-part-1/>

FERNANDO, A. (2018, September 5). Civic crowdfunding with the blockchain: Q&A with Berkeley vice mayor Ben Bartlett. <https://www.shareable.net/blog/crowdfunding-government-with-the-blockchain-qa-with-berkeley-vice-mayor-and-city-council-member>

GOODMAN, P. S. (2016, December 17). Free cash in Finland. Must be jobless. *The New York Times*. <https://www.nytimes.com/2016/12/17/business/economy/universal-basic-income-finland.html>

GRAMSCI, A. (1985). *Selections from the prison notebooks of Antonio Gramsci*. New York: International Publishers.

HAUTAMÄKI, A., LEPPÄNEN, J., MOKKA, R., & NEUVONEN, A. (2017). *From Pause to Play*. Helsinki: Sitra. <https://www.sitra.fi/en/publications/from-pause-to-play/>

HIILAMO, H. (2019, February 2). Disappointing results from the Finnish basic income experiment. Helsinki: University of Helsinki. <https://www.helsinki.fi/en/news/nordic-welfare-news/heikki-hiilamo-disappointing-results-from-the-finnish-basic-income-experiment>

HOWGEGO, J. (2019, February 8). Universal income study finds money for nothing won't make us work less. *Daily News*. <https://www.newscientist.com/article/2193136-universal-income-study-finds-money-for-nothing-wont-make-us-work-less/>

HUGHES, C. (2018). *Fair shot: rethinking inequality and how we earn*. New York: St. Martin's Press.

INSTITUTE FOR THE FUTURE. (2017). *Universal Basic Assets: A manifesto for a more equitable future*. Palo Alto, CA. http://www.iftf.org/fileadmin/user_upload/downloads/wfi/ITF_UniversalBasicAssets_map_SR-1968.pdf

KANGAS, O., JAUHIAINEN, S., & SIMANAINEN, M. (2019). *The basic income experiment 2017–2018 in Finland. Preliminary results*. Helsinki: Ministry of Social Affairs and Health.



KIISKI-KATAJA, E., LAINE, P., JOUSILAHTI, J., & NEUVONEN, A. (2018). *The next era of well-being*. Helsinki: Sitra. <https://www.sitra.fi/en/publications/next-era-well/#1-what-ideals-will-the-next-era-of-well-being-address>

KNIGHT FRANK. (2017, July 6). The rise and rise of private real estate investors. London: Knight Frank. <https://www.knightfrank.com/blog/2017/07/06/the-rise-and-rise-of-private-real-estate-investors>

KORHONEN, S., NEUVONEN, A., HOKKANEN, L., & NEUVONEN, A. (2017). The Nordic model is not about well-being – It is about capabilities. Helsinki: Sitra. <https://www.sitra.fi/en/articles/nordic-model-not-well-capabilities/>

LASSILA, A. (2018, July 11). "Suurin merkitys on psykologinen" – Näin 560 euron kuukausittainen perustulo mullisti Mari Saarenpään elämän. Helsingin Sanomat. <https://www.hs.fi/talous/art-2000005890438.html>

LEADBEATER, C. (2004). *Personalisation through participation: a new script for public services*. London: Demos.

LOWREY, A. (2018). *Give people money: how a universal basic income would end poverty, revolutionize work, and remake the world*. New York: Crown.

LUCE, E. (2017). *The retreat of western liberalism*. New York: Atlantic Monthly Press.

MASON, P. (2017). *Postcapitalism: a guide to our future*. London: Allen Lane.

MISHRA, P. (2017). *Age of anger: a history of the present*. New York: Farrar, Straus and Giroux.

MOKKA, R., & RANTANEN, K. (2017). Basic income and the new universalism. Helsinki: Sitra. <https://www.sitra.fi/en/articles/basic-income-new-universalism/>

NEUVONEN, A. (2017). *Rewiring progress*. Helsinki: Sitra. <https://www.sitra.fi/en/publications/rewiring-progress/#introduction>

NISKA, A. (2018, May 4). Miten Wienissä onnistutaan yhdistämään kohtuuhintainen ja laadukas asuminen? Kvartti. <https://www.kvartti.fi/fi/blogit/miten-wienissa-onnistutaan-yhdistamaan-kohtuuhintainen-ja-laadukas-asuminen>

NYKÄNEN, A.-S. (2019, June 1). Niukka elämä lyö maahan. Helsingin Sanomat. <https://www.hs.fi/sunnuntai/art-2000005954997.html>

PEW RESEARCH CENTER. (2015). Global Attitudes. Washington, D.C.: Pew Research Center. <http://www.pewglobal.org/2015/06/23/spring-2015-survey/>

PIKETTY, T. (2017). *Capital in the twenty-first century*. Cambridge, Mass.: Harvard University Press.

RAWLS, J. (1997). *A theory of justice*. Cambridge, Mass.: Harvard University Press.

SOCIAL PROSPERITY NETWORK, PORTES, J., REED, H., & PERCY, A. (2017). *Social prosperity for the future: A proposal for Universal Basic Services*. London: Institute for Global Prosperity. https://www.ucl.ac.uk/bartlett/igp/sites/bartlett/files/universal_basic_services_-_the_institute_for_global_prosperity_.pdf

TARPIO, J. (2017, September 10). Wien – edullisen mutta laadukkaan asumisen Wunderland. <http://www.agilecities.fi/2017/10/09/wien-edullisen-mutta-laadukkaan-asuminen-wunderland/>

WENGER, A. (2017). Growth and progress: a venture investor's perspective. Helsinki: Sitra. <https://www.sitra.fi/en/articles/growth-progress-venture-investors-perspective/>

ZUBOFF, S. (2018). *The age of surveillance capitalism: the fight for a human future at the new frontier of power*. New York: PublicAffairs.

Annex 1. Examples of Affordable Housing Solutions: Helsinki, Vienna and Berkeley

Authors

Aleksi Neuvonen, Demos Helsinki

Maria Malho, Demos Helsinki

Maria Ohisalo, Y-Foundation

AFFORDABLE HOUSING IS a good example of the potential of universalism in practice. The fluctuating price of housing is one of the biggest challenges in both cities and rural areas and it is one of the largest sources of inequality in our societies. A growing share of people's income in cities is spent on housing, making it impossible for lower earners to move to cities and resulting in high risks for middle-earning people due to high levels of debt.

As Thomas Piketty has shown¹, over generations wealth becomes concentrated in the form of investment in property in the largest global cities. The huge sums invested in property are increasingly playing a central role in global financial markets. The rapid growth of the housing market has been driven by certain approaches that modern financial markets have adopted. These approaches maintain the current, monetarily defined parameters

of these markets rather than follow other value-based principles (e.g. affordability, wellbeing or environmental impact).

The most frequently suggested solution for tackling the problems of affordable housing, which coincides with growing rates of urbanization, is to improve zoning rights and land policies so that the number of building projects in cities significantly increases and supply matches demand. However, assuming the convergence of real estate markets and global financial markets as described above, this solution seems incomplete.

We are already witnessing changes in housing markets that lead to substantial changes in the (private) assets that people own and have access to. For many people living in metropolitan areas, house ownership is becoming something that is entirely out of reach. At the same time, people living in shrinking towns and villages face the issue that their property wealth is losing its value and possibly causing them to fall into a

housing trap with limited prospects for moving to bigger cities.

The current situation especially affects young people and their expectations when making housing decisions. Many are already ineligible for bank loans due to insecure income patterns and the disappearance of well paid jobs in many countries. Others are hesitant to put all their financial assets into one large and rigid investment – many anticipate living a mobile life with constantly changing family contexts and housing needs. Moreover, these decisions are being made against a background of information on housing bubbles and an unpredictable global economy.

As a result, current housing policies do not meet the needs of most people. In addition to the problems of the attainability and attractiveness of housing options for different groups of people, there is also a fundamental question here of wealth distribution and – consequently – fairness in our societies. As



ownership models and assets at people's disposal have changed, the old solutions are not able to guarantee fairness.

Demand for new housing concepts, funding options and ownership models is soaring in all countries with growing urbanization rates. The role of the public sector in funding affordable housing is likely to continue even though the available resources will be limited: public budgets are scarce and Western countries face aging populations.

One common solution for affordable housing needs has been the cooperative model. There is a wide array of different cooperative models in housing and the particular model prevalent in a given city depends on the local evolution of housing. Big housing cooperatives are central players in many countries: their role could be strengthened and ownership and decision-making structures modified to support the idea of cooperatives as common assets that their users have control and power over. Updating traditional cooperative models would open access to first-time affordable housing to a significant number of people.

There are also cooperative housing initiatives that aim to provide fair investment

opportunities with a positive social impact. These new initiatives use blockchains and cryptocurrencies to ensure wide participation, transparent decision-making structures and incentives for constantly growing housing investments (see the example of Berkeley below).

Another model of cooperative housing investments is the group construction cooperative. Here future inhabitants themselves initiate and undertake the construction of a larger housing compound. The idea is to provide residents with more flexible and adaptable housing options and potential savings in investments by cutting off the profit margins of external developers. In some countries (probably the best known example is Germany) these type of cooperative models are already widely in use.

New financial tools and the emergence of scalable digital services help manage these projects and, in the near future, new methods of digital manufacturing could make group construction cooperatives more attractive in housing and real estate markets. For example WikiHouse, one of the most visible forerunners in the field, considers itself a political

initiative that, when complemented with radical reforms in housing policies, could significantly improve access to housing assets and eventually help balance unequal distribution of wealth in society.

Nevertheless, differences in housing policies are great between cities and between regions globally. This fact must be noted when we consider the possibilities of integrating local housing markets into global financial markets and finding affordable housing solutions that could be applied in different political, economic and social settings. The below case studies present summaries of three distinct models for affordable housing, one from Helsinki, Finland, one from Vienna, Austria and one from Berkeley, California. ●

FINLAND HAS BECOME known for being a universal welfare state that guarantees not just social services and benefits but also daycare, education and many other universal, free of charge services. The Finnish Constitution Section 19, The right to social security, states: “The public authorities shall promote the right of everyone to housing and the opportunity to arrange their own housing.”

In this spirit, the governmental agency Housing Finance and Development Centre of Finland (ARA) implements social housing policy together with municipalities and dozens of private and third-sector social housing lessors.² Government-subsidised social housing is offered to groups in special need, including homeless people, refugees, students, people with mental health or substance abuse problems, disabled people, people suffering from memory illness and old people in poor physical condition.

A new way to approach homelessness and housing politics emerged in 2008 when the Finnish Government adopted the Housing First principle. Since then, Finland has been one of the only countries in Europe that has succeeded in reducing

homelessness. Housing First means first ensuring housing for the homeless person before anything else. There is a strong person-centred approach in planning further harm-reducing services, and the services are not tied to housing, which is considered everyone’s right.

Helsinki, the capital of Finland, has experienced several waves of rapid urbanization that have put strains on the city’s housing supply. However, Helsinki has remained a city with extremely low levels of segregation in general and practically no segregated, stigmatized neighbourhoods. The following policies have been key in achieving this:

1. Policy targets for the proportion of social housing built. Currently the city aims that 25 percent of the flats built annually are social housing. This rule applies to all new neighbourhoods. Quality standards of social housing are high, which has made it a socially acceptable option for the middle-class as well.
2. A wide variety of ownership types for housing. Policies in Finland have somewhat favored private ownership of property, whether that is a flat, a house or something else. However, in Helsinki

the share of people living in rental flats is proportionally higher than elsewhere in the country. There are various price-regulated ownership models and housing rights models. Some of these schemes are national, other are run by the city. The proportion of non-regulated, privately-owned dwellings is 45 percent, social housing dwellings 25 percent and the remaining 30 percent are price-regulated.

3. Social diversity as the guiding principle of zoning and land policy. Since the late 1970s, the overarching principle in planning policy of Helsinki has been social mixing of different social and income groups. This has been implemented by balancing different ownership structures in all neighbourhoods so that social housing and privately owned housing are intertwined within a neighbourhood, within a single plot and sometimes even within a single building. As a result, social housing is built on even the most valuable sites. The aim of this policy is to strengthen social cohesion and to secure equal access to high quality public spaces and different types of services for all inhabitants. ●

THE CASE OF Vienna is a significant and very interesting historical example of affordable housing solutions. During the socialist government of the 1920s in Austria, “Karl Marx Hof” rental housing blocks were built in Vienna. Since then, Vienna has carried on the tradition of social housing construction. The city council of Vienna has a long history of actively supplying housing and experimenting with ambitious new solutions. The housing mix of Vienna is largely rental-based and draws on various solutions to accommodate different life situations and needs. Vienna's model of affordable housing is centred around six factors:

1. Collecting a housing tax from individuals and companies. A housing tax equivalent to 0.5 percent of income is collected from all inhabitants. The revenue generated from the tax has been stable and is redirected as housing support for residents or to developers engaged in affordable housing projects. In 2017, Vienna spent 571 million euros on housing support.
2. Housing construction should not be left in the hands of private construction companies. This has been the leading

thought in Vienna for the past century. Housing is seen as an important part of societal infrastructure and public actors are seen as responsible for its provision.

3. Active land acquisition in the long-term. Vienna has been successful in land acquisition by buying land actively since the 1980s through a special land-acquisition corporation. The aim of this is to ensure that the city can meet its housing needs.
4. Societal evaluation criteria for housing bids. Vienna has a specific procedure for construction bids that has been used in over 300 housing projects. The procedure is based on four principles: ecology, economy, architecture and sustainability. Construction plans are therefore not evaluated merely on the basis of the interests of the owner or the construction company but by considering each of the four principles. The model also obligates the owner to not raise rents for at least one decade. This ensures that the cost of housing remains affordable.
5. Supporting rental housing. Rental housing has a long tradition in Vienna: three out of four residents rent. The majority

of Vienna's rental housing is owned by the municipality or non-profit organisations. The income limit, which one must be under to qualify for social housing, is so high that 80 percent of Vienna's residents are eligible to live in this housing.

6. Active development through a special housing research unit. The city council of Vienna actively researches and develops housing solutions in its housing research unit, which is not typical for most cities. In this way, Vienna is able to ensure affordable housing for its residents in the future as well. ●

THE COSTLINESS OF housing is a significant problem in most American cities, especially in the San Francisco Bay Area. There are as many as 100,000 homeless people in California. There have also been changes in federal taxation that have created a need to come up with new models for funding housing: cities now have less access to loans and funds for housing support initiatives. Public housing schemes are in a tricky situation and new financial models are needed.

The case of Berkeley is interesting as it is an example of a shift from public, city-funded housing support to affordable housing models owned by a kind of decentralised commons. The city council of Berkeley has developed a new innovation for affordable housing using blockchain technology, whereby the city issues bonds via a blockchain system. Anyone can buy the bonds, the price of which range from one to 25 USD.

The purpose of issuing the bonds is to help ordinary people get access to securities and capital, which can prevent them from sliding into poverty. The interests on the bonds can be tokenised, allowing their exchange for local services and products.

At the same time, the city gets to collect funds in a transparent and efficient manner for affordable housing projects.

This new funding model for affordable housing construction in Berkeley has been developed but has yet to be executed. The intention is to find out through experimentation whether this blockchain-based bond issuance could be an effective way to fund affordable housing projects in the future.

The Berkeley plan may prove useful in places where homelessness and costly housing are significant problems but where it is not possible to collect funds for supporting affordable housing solutions through the public tax system. The Berkeley case demonstrates that new funding mechanisms are crucial for ensuring an adequate housing supply to prevent homelessness and poverty. ●

Universalism in the Next Era: Moving Beyond Redistribution

Next Era Papers
2019 Demos Helsinki

Authors

Aleksi Neuvonen, Demos Helsinki
Maria Malho, Demos Helsinki

Commentators

Roope Mokka, Vincent Lassalle
& Ella Lagé

Layout

Berry Creative

Photos

Unsplash, iStock &
Helsingin kaupunginmuseo

ISBN

978-952-5844-41-2 (pdf)

The Next Era is a joint initiative of Demos Helsinki and the Finnish Innovation Fund Sitra originally launched in 2016.



This publication is licensed with the Creative Commons SA 4.0 licence. <https://creativecommons.org/licenses/sa/4.0/>
When redistributed or copied the authors must be acknowledged (Neuvonen, Malho, Demos Helsinki).

Acknowledgements

THIS PUBLICATION IS part of think tank Demos Helsinki's publication series Next Era Papers. An early draft of this paper was used as background material for a roundtable discussion organized in collaboration with Y-Foundation in Helsinki in June 2018. The roundtable was chaired by [Maria Malho](#) and [Aleksi Neuvonen](#) from Demos Helsinki and supported by [Juha Kaakinen](#) from Y-Foundation, and has brought valuable insights into further development of the theme by gathering together the thoughts of more than 20 Finnish and international experts.

WE THANK Y-FOUNDATION for support and all the roundtable participants for active discussion on the themes of this publication. We would also like to thank [Antti Hautamäki](#), [Juha Leppänen](#), [Roope Mokka](#) and [Sari Stenfors](#) who took part in early discussions on this topic and helped to shape many of the key ideas still present in this publication. Also, thank you [Tamerlane Camden-Dunne](#) and [Simo Vassinen](#) for proofreading and copy editing, [Berry Creative](#) for layout and [Maria Ohisalo](#), [Roope Mokka](#), [Vincent Lassalle](#) and [Ella Lagé](#) for your invaluable comments and contributions to the text.

